



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer

Governor
SENATE TAXATION

EXHIBIT NO. 1

DATE 1-17-07

BILL NO. SB-121

TO: Senator Elliott
FROM: Brenda Gilmer
DATE: January 16, 2007
RE: SB 121 (sale of tax information) amendments

Attached are amendments the department proposes to address questions raised during hearing of Senate Bill 121.

The amendment in paragraph 1 expands the prohibited conduct by tax return preparers beyond "sale" to preclude disclosing tax return information for any consideration, which would prevent preparers from receiving kickbacks when they have loan, contract, or other intertwined financial relationships.

The amendment in paragraph 2 expands a Montana taxpayer's recourse against foreign return preparers by prohibiting US preparers from sending the tax return information to a foreign preparer unless the foreign preparer agrees not to disclose the information and the preparer with whom the taxpayer is dealing agrees to indemnify the Montana taxpayer for prohibited disclosures by the foreign preparer.

The amendment in paragraph 3 is a technical amendment that clarifies that disclosures in violation of either subsection (1) or subsection (2) are actionable.